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Chapter No. 324
19/HR26/R1372
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HOUSE BILL NO. 630

Originated in House



Clerk

HOUSE BILL NO. 630

AN ACT TO AMEND SECTION 83-17-53, MISSISSIPPI CODE OF 1972, TO INCLUDE SELF-STORAGE INSURANCE WITHIN THE DEFINITION OF LIMITED LINES INSURANCE; TO AMEND SECTION 83-17-63, MISSISSIPPI CODE OF 1972, TO AUTHORIZE INSURANCE PRODUCERS TO RECEIVE QUALIFICATION FOR LICENSE IN SELF-STORAGE LIMITED LINE INSURANCE; TO CREATE A NEW SECTION TO PROVIDE FOR A LIMITED LICENSE AS AN INSURANCE PRODUCER FOR SELF-STORAGE INSURANCE; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 83-17-53, Mississippi Code of 1972, is amended as follows:

83-17-53. The following words and phrases shall have the meanings ascribed herein unless the context clearly indicates otherwise:

(a) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity.

(b) "Commissioner" means the Commissioner of Insurance.

(c) "Home state" means the District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or

principal place of business and is licensed to act as an insurance producer.

(d) "Insurance" means any of the lines of authority in Section 83-19-1.

(e) "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit or negotiate insurance.

(f) "Insurer" means that as defined in Section 83-6-1.

(g) "License" means a document issued by the commissioner authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent or inherent, in the holder to represent or commit an insurance carrier.

(h) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection (gap) insurance and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance.

(i) "Limited line credit insurance producer" means a person who sells, solicits or negotiates one or more forms of

limited line credit insurance coverage to individuals through a master, corporate, group or individual policy.

(j) "Limited lines insurance" means those lines of insurance defined in Section 83-19-1, Class 1(b), (e), (p) and (q) and Section 83-19-1, Class 2(d), Section 83-17-63 (1)(h), (i), (j), (k) and (l), or any other line of insurance that the commissioner deems necessary to recognize for the purposes of complying with Section 83-17-65(5).

(k) "Limited lines producer" means a person authorized by the commissioner to sell, solicit or negotiate limited lines insurance.

(l) "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract, if the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

(m) "Person" means an individual or a business entity.

(n) "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company.

(o) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company.

(p) "Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of a producer's authority to transact insurance.

(q) "Uniform business entity application" means the current version of the NAIC uniform business entity application for resident and nonresident business entities.

(r) "Uniform application" means the current version of the NAIC uniform application for resident and nonresident producer licensing.

SECTION 2. Section 83-17-63, Mississippi Code of 1972, is amended as follows:

83-17-63. (1) Unless denied licensure under Section 83-17-71, persons who have met the requirements of Sections 83-17-59 and 83-17-61, shall be issued an insurance producer license. An insurance producer may receive qualification for a license in one or more of the following lines of authority:

(a) Life: insurance coverage on human lives, including benefits of endowment and annuities and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(b) Accident and health or sickness: insurance coverage for sickness, bodily injury or accidental death and may include benefits for disability income.

(c) Property: insurance coverage for the direct or consequential loss or damage to property of every kind.

(d) Casualty: insurance coverage against legal liability, including that for death, injury or disability or damage to real or personal property.

(e) Variable life and variable annuity products: insurance coverage provided under variable life insurance contracts and variable annuities.

(f) Personal lines: property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.

(g) Credit: limited line credit insurance.

(h) (i) Car rental: limited line insurance offered, sold or solicited in connection with and incidental to the rental of rental cars, whether at the rental office or preselection of coverage in master, corporate or individual agreements that is nontransferrable, applies only to the rental car that is the subject of the rental agreement and is limited to the following kinds of insurance:

1. Personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs with the rental car during the rental period;

2. Liability insurance that provides protection to the renters and other authorized drivers of a rental car for liability arising from the operation or use of the rental car during the rental period;

3. Personal effects insurance that provides coverage to renters and other vehicle occupants for loss of, or damage to, personal effects in the rental car during the rental period;

4. Roadside assistance and emergency sickness protection insurance; or

5. Any other coverage designated by the Commissioner of Insurance.

(ii) Notwithstanding anything in this section or any other provision of law to the contrary, employees and authorized agents of a limited license rental car company:

1. May receive compensation for activities under the rental car company's limited license that is incidental to their overall compensation, including, but not limited to, commissions, bonuses and other valuable consideration;

2. May offer, sell or solicit, in connection with and incidental to the rental of rental cars, the kinds of insurance specified in this paragraph (h) under the limited license of the rental car company; and

3. Shall not require any additional licensing under this chapter or any other provision of Title 83 relating to item 1 or 2 of this subparagraph (ii).

(iii) Each limited license rental car company shall conduct a training program for its employees and authorized agents in which the employees and authorized agents being trained

shall receive basic instruction about the kinds of insurance specified in this paragraph (h). Once its employees and authorized agents have been trained, each limited license rental car company shall provide supervision for these employees and authorized agents relating to their offer to, sale to, or solicitation of prospective renters of rental cars with respect to the kinds of insurance specified in this paragraph (h).

(i) Crop insurance: limited line insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or perils provided by the private insurance market, or that is subsidized by the Federal Crop Insurance Corporation, including Multi-Peril Crop Insurance.

(j) Surety: limited line insurance or bond that covers obligations to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust. For purpose of limited line licensing, surety does not include Surety Bail Bonds.

(k) Travel: limited line insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

(l) Self-storage: limited line insurance coverage for the loss or damage to personal property that occurs at a

self-storage facility or when such property is in transit to or from a self-storage facility during the period of a rental agreement.

(* * *m) Any other line of insurance permitted under state laws or regulations.

(2) An insurance producer license shall remain in effect unless revoked or suspended as long as the fee set forth in Section 27-15-87 is paid and education requirements for resident individual producers are met by the due date.

(3) An individual insurance producer who allows his or her license to lapse may, within twelve (12) months from the due date of the renewal fee, reinstate the same license without the necessity of passing a written examination. The penalty for such late renewal shall be in compliance with Section 27-15-215.

(4) A licensed insurance producer who is unable to comply with license renewal procedures due to military service or some other extenuating circumstances, including, but not limited to, a long-term medical disability may request a waiver of those procedures. The producer may also request a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with renewal procedures.

(5) The license shall contain the licensee's name, address, personal identification number and the date of issuance, the lines of authority, the expiration date and any other information the commissioner deems necessary.

(6) Licensees shall inform the commissioner by any means acceptable to the commissioner of a change of address within thirty (30) days of the change. Failure to timely inform the commissioner of a change in legal name or address shall result in a penalty under Section 83-17-71.

(7) In order to assist in the performance of the commissioner's duties, the commissioner may contract with nongovernmental entities, including the National Association of Insurance Commissioners (NAIC) or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial functions, including the collection of fees, related to producer licensing that the commissioner and the nongovernmental entity may deem appropriate.

SECTION 3. (1) For purposes of this section, the following terms have the following meanings unless the context clearly indicates otherwise. Any terms defined in Section 85-7-121 shall have the meaning provided therein unless otherwise defined in this section.

(a) "Limited lines producer" means an individual or business entity authorized and licensed by the commissioner to offer, sell, solicit and negotiate self-storage insurance.

(b) "Occupant" means a person, his sublessee, successor or assign entitled to the use of a leased space at a self-storage facility under a rental agreement to the exclusion of others.

(c) "Owner" means the owner, operator, lessor or sublessor of a self-storage facility, an agent or any person authorized to manage the facility or to receive rent from an occupant under a rental agreement. The term "owner" shall not be construed to mean a warehouseman unless the owner issues a warehouse receipt, bill of lading or other document of title for the personal property stored.

(d) "Personal property" means any movable property not affixed to land including, but not limited to, goods, wares, merchandise, motor vehicles, watercraft, and household items and furnishings.

(e) "Rental agreement" means any written agreement or lease that establishes or modifies the terms, conditions, rules or any other provisions concerning the use and occupancy of a self-storage facility.

(f) "Self-storage facility" means a business entity that offers individual storage space to nonresident occupants who are to have their own means of access to the facility at any time for the purpose of storing and removing personal property.

(g) "Self-storage insurance" means personal property insurance offered in connection with and incidental to the lease or rental of leased space at a self-storage facility and that provides coverage to occupants for the loss of or damage to personal property that occurs at the self-storage facility or when

such property is in transit to or from the self-storage facility during the period of the rental agreement.

(h) "Supervising entity" means a business entity that is a licensed insurer or insurance producer that is authorized by an insurer to supervise the administration of a self-storage insurance program.

(2) The commissioner may issue to an individual or business entity that has filed with the commissioner an application for such limited license in a form and manner prescribed by the commissioner, a limited lines self-storage insurance producer license which authorizes the limited lines producer to offer, sell, solicit and negotiate insurance through a licensed insurer at each location where the limited lines producer conducts business.

(3) A limited lines producer may authorize any employee or representative of the licensee to act individually on behalf and under the supervision of the licensee to offer, sell, solicit and negotiate self-storage insurance under the limited lines producer's license and without the need for an individual producer's license only if the following conditions are met:

(a) The limited lines producer complies with the provisions of Section 83-17-61(2). The designated responsible licensed producer required in Section 83-1-61(2)(b), Mississippi Code of 1972, need not be an employee or owner of the self-storage facility.

(b) Written or electronic materials containing the following information must be made readily available to the purchasers of the self-storage insurance:

(i) A description of the material terms or the actual material terms of the insurance coverage;

(ii) A description of the process for filing a claim;

(iii) A description of the review or cancellation process for the insurance coverage;

(iv) A disclosure that the insurance coverage may provide a duplication of coverage already provided by an existing policy of insurance;

(v) A statement that the purchase by the occupant of the insurance coverage offered by the limited lines producer is not required in order to enter into a rental agreement; and

(vi) The identity and contact information of the insurer and limited lines producer.

(c) At the time of licensure, the limited lines producer shall establish and maintain a register on a form prescribed by the commissioner of each self-storage facility that offers insurance on the limited lines producer's behalf. The register shall be maintained and updated by the limited lines producer and shall include the name, address and contact information of the self-storage facility and an officer or person who directs or controls the facility's operations. The limited

lines producer shall submit such register to the Department of Insurance (department) upon reasonable request.

(d) A self-storage facility employee or authorized representative, who is not licensed as an insurance producer, may not:

(i) Evaluate or interpret the technical terms, benefits and conditions of the offered insurance coverage;

(ii) Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

(iii) Claim to be a licensed insurer, licensed producer, or insurance expert.

(e) The insurer issuing the self-storage insurance either directly supervises or authorizes a supervising entity to supervise the administration of the program including development of a training program for employees and authorized representatives of the limited lines producer. The training required by this paragraph shall comply with the following:

(i) The training shall be delivered to employees and authorized representatives of the limited lines producer who are directly engaged in the activity of selling, soliciting or negotiating self-storage insurance;

(ii) The training may be provided in electronic form. However, if conducted in an electronic form, the supervising entity shall implement a supplemental education

program regarding the self-storage insurance that is conducted and overseen by licensed employees of the supervising entity;

(iii) Each employee and authorized representative shall receive basic instruction about the self-storage insurance offered by the limited lines producer and the disclosures required under subsection (3)(b) of this section; and

(iv) The training shall include provisions required under any rules and regulations promulgated by the department.

(4) Notwithstanding any other provision in law, an owner is authorized to receive compensation for billing and collection services. Limited lines producers shall not be required to maintain the funds from the sale of self-storage insurance in a segregated or trust account, provided that the limited lines producer is authorized by the insurer or supervising entity to hold the funds in an alternative manner and remits such amounts to the insurer or supervising entity within sixty (60) days of receipt. All premiums for self-storage insurance received by a limited lines producer, or any employee or representative of that producer, from an occupant shall be considered funds held in a fiduciary capacity for the benefit of the insurer.

(5) Self-storage insurance may be provided under an individual policy or under a group, corporate or master policy.

(6) The limited lines producer shall be subject to the provisions of Sections 83-5-29 through 83-5-51 and Section 83-17-71.

(7) An owner is not required to be licensed under this section solely to display and make available to occupants and prospective occupants brochures and other promotional materials created by or on behalf of an authorized insurer or a surplus lines insurer.

(8) It shall be unlawful for any owner or employee of a self-storage facility, or any limited lines producer, or employee or representative of that producer, to require the purchase of insurance coverage offered by the owner or limited lines producer to enter into a rental agreement.

SECTION 4. This act shall take effect and be in force from and after July 1, 2019.


PASSED BY THE HOUSE OF REPRESENTATIVES
January 30, 2019


SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 6, 2019


PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR


GOVERNOR
March 15, 2019
1:49pm